

HONORABLE JAMES L. ROBART

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

MERCER PUBLISHING LLC, MICHAEL
HUBBARD and RACHEL HUBBARD,
husband and wife, and the marital
community comprised therein,

Plaintiff,

v.

SMART COOKIE INK, LLC, and DEEPA
RAJAGOPAL,

Defendants.

CASE NO. 2:12-cv-00188 JLR

PLAINTIFFS' MOTION TO
DISMISS AMENDED
COUNTERCLAIMS PURSUANT TO
FED. R. CIV. P. 12(b)(6)

NOTE FOR MOTION CALENDAR:
FRIDAY, SEPTEMBER 21, 2012

MERCER PUBLISHING, INC.,
MICHAEL HUBBARD and RACHEL
HUBBARD, husband and wife, and the
marital community comprised therein,

Plaintiffs,

v.

TESTINGMOM.COM LLC, KAREN
QUINN and MICHAEL MCCURDY,

Defendants.

CASE NO. 2:12-cv-00550JLR

1 **I. INTRODUCTION AND RELIEF REQUESTED**

2 Plaintiffs respectfully move for an order dismissing Defendants’ amended counterclaims
 3 pursuant to Fed. R. Civ. P. 12(b)(6). Defendants’ claims for “unfair, deceptive and fraudulent
 4 business practices” and Defendant Smart Cookie’s claims for intentional interference with business
 5 expectancy and contractual relations are each barred by the First Amendment *Noerr-Pennington*
 6 doctrine. Defendants’ amended pleading simply reiterate a laundry list of affirmative defenses
 7 counterclaims previously pleaded. Given the statutory presumptions afforded to Plaintiffs’
 8 copyright claims and the facts already admitted by Defendants these “new” allegations do not
 9 establish any basis to deprive Plaintiffs of Noerr-Pennington immunity for litigation and pre-
 10 litigation activities. Additionally, because Defendants have no standing to bring Lanham Act false
 11 advertising claims and have failed to plead essential elements of such claims, this Court should
 12 dismiss each of these counterclaims with prejudice.
 13
 14

15 **II. PROCEDURAL BACKGROUND**

16 On April 3, 2012, Plaintiffs filed this action against Defendants Quinn, Michael
 17 McCurdy and TestingMom.com (hereinafter collectively “TestingMom”) seeking damages for
 18 copyright infringement, intentional interference with business expectancy, and intentional
 19 interference with contractual relations. *See* Doc. 1, at p. 4-6. On April 18, 2012, TestingMom
 20 filed its answer and counterclaims. *See* Doc. 8.
 21

22 Plaintiffs previously filed motions to dismiss seeking dismissal of Defendants’
 23 Washington Consumer Protection Act (CPA) and intentional interference with business expectancy
 24 and contractual relations counterclaims. Dkt. 12 (Cause No. C12-cv-00550-JLR) and Dkt. 17
 25 (Cause No. C12-cv-00188-JLR). This Court granted Plaintiffs’ motion in significant part but
 26 allowed leave for Defendants to amend the counterclaims. Doc. 27.

Defendants have filed amended answers and counterclaims. Doc. 28 and Doc. 29. Defendants' amended counterclaims regarding the CPA and intentional interference with business expectancy and contractual relations are similar to the previous counterclaims which the Court dismissed. *See* Doc. 28, ¶¶ 87 – 99 (CPA claim); Doc. 29 ¶¶ 67 – 83 (intentional interference with business expectancy), ¶¶ 84 – 97 (intentional interference with contractual relations), and ¶¶ 98 – 118 (CPA). Defendants have added claims for false advertising under the Lanham Act, 15 U.S.C. § 1125(a). *See* Doc. 28, ¶¶ 82-86; Doc. 29, ¶¶ 119-127. The Defendants have attempted to provide additional facts to support their counterclaims but ultimately they have just taken their affirmative defenses and improperly reiterated them as counterclaims. For the reasons set forth below, Plaintiffs seek the dismissal with prejudice of Defendants' amended counterclaims.

III. FACTUAL BACKGROUND

Plaintiff Mercer Publishing, Inc. is a closely held company that is owned by Plaintiffs Michael and Rachel Hubbard and based in Mercer Island, Washington. Doc. 1 (Complaint and Demand for Jury Trial), ¶5. Following initial efforts to assist her own children with test preparation, in or about 2007, Ms. Hubbard began a home based business involved in the creation, development, and production of copyrighted materials intended to prepare students for taking gifted student and advanced placement examinations, including the nationally recognized CogAT and NNAT exams. *Id.*, ¶7; Doc. 28 (Testingmom.com, LLC, Karen Quinn and Michael McCurdy's First Amended Answer and Amended Counterclaims), Answer, ¶7; Doc. 29 (Defendants' Second Amended Answer to Complaint, Affirmative Defenses, and Counterclaims), Answer, ¶7.

Defendant Deepa Rajagopal purchased and obtained copyrighted CogAT and NNAT practice materials from Plaintiff in November, 2008. Doc. 29, Answer, ¶9. She made additional

1 purchases of copyrighted materials in April and June, 2011. *Id.*, Answer, ¶10. Plaintiffs' counsel
 2 sent a cease and desist notice to Rajagopal in August 2011. *Id.*, Answer, ¶12; Doc. 29-2. The
 3 notice made certain demands for cessation of infringement and provision of information about the
 4 infringing works and those that received them, and requested that Rajagopal contact Plaintiffs'
 5 counsel to discuss reasonable compensation for past infringements. Doc. 29-2. Subsequently,
 6 Plaintiffs filed this action against Defendants Rajagopal and Smart Cookie Ink, LLC (hereinafter
 7 collectively "Smart Cookie") in February 2012. *See* Doc. 1, at p. 4-6. Plaintiffs seek damages for
 8 copyright infringement, intentional interference with business expectancy, and intentional
 9 interference with contractual relations. *Id.* On April 24, 2012, Smart Cookie filed its first
 10 amended answer and counterclaims. Doc. 13.

11
 12 Defendants Karen Quinn purchased and obtained CogAT and NNAT practice materials
 13 from Plaintiffs in February 2011. *See* Doc. 28, ¶9. Defendants Quinn and TestingMom.com,
 14 LLC received a cease and desist notice from Mercer Publishing in July 2011. *Id.*, ¶¶ 11, 61;
 15 Doc. 28-1. The notice set forth Mercer Publishing's good faith belief that Defendants had
 16 copied Mercer's works and infringed Mercer's copyrights in its CogAT and NNAT practice
 17 materials. Doc. 28-1. The notice made certain demands for cessation of infringement and
 18 provision of information about others that may have received infringing works, and requested
 19 that Defendants contact Plaintiffs to discuss reasonable compensation for past infringements. *Id.*

22 IV. ARGUMENT

23 A. Standards Applicable to Motion to Dismiss.

24 Despite the ordinary standards applicable to a Rule 12(b)(6) motion to dismiss,
 25 "conclusory allegations without more are insufficient to defeat a motion to dismiss for failure to
 26 state a claim." *McGlinchy v. Shell Chem. Co.*, 845 F.2d 802, 810 (9th Cir. 1988). The allegations

1 found in the pleading “must be enough to raise a right to relief above the speculative level.” *Bell*
 2 *Atl. Corp. v. Twombly*, 550 U.S. 544, 127 S. Ct. 1955, 1965, 167 L.Ed.2d 929 (2007). In addition,
 3 courts routinely dismiss complaints for failure to state a claim upon which relief can be granted
 4 where, as here, an affirmative defense appears on the face of the pleading. *See, e.g., Northwest*
 5 *Airlines, Inc. v. Camacho*, 296 F.3d 787, 791 (9th Cir. 2002).

7 A court cannot grant a motion to dismiss based upon an affirmative defense unless that
 8 “defense raises no disputed issues of fact.” *Scott v. Kuhlman*, 746 F.2d 1377, 1378 (9th Cir.
 9 1984). Where the allegations in a complaint are contradicted by matters properly subject to
 10 judicial notice, a court may grant a motion to dismiss. *Daniels-Hall v. Nat’l Educ. Ass’n*, 629
 11 F.3d 992, 998 (9th Cir. 2010). Additionally, a court may grant a motion to dismiss based upon an
 12 affirmative defense where the complaint’s allegations, drawing all inferences in plaintiff’s favor,
 13 nonetheless show that the affirmative defense “is apparent on the face of the complaint.” *See Von*
 14 *Saher v. Norton Simon Museum of Art at Pasadena*, 592 F.3d 954, 969 (9th Cir. 2010).

16 Federal Rule of Evidence 201 allows the court to take judicial notice of certain items
 17 without converting the motion to dismiss into one for summary judgment. *Barron v. Reich*, 13
 18 F.3d 1370, 1377 (9th Cir. 1994). The court may take judicial notice of facts “not subject to
 19 reasonable dispute” because they are either: “(1) generally known within the territorial
 20 jurisdiction of the trial court or (2) capable of accurate and ready determination by resort to
 21 sources whose accuracy cannot reasonably be questioned.” Fed. R. Evid. 201; *see also Lee v.*
 22 *City of Los Angeles*, 250 F.3d 668, 689 (9th Cir. 2001) (noting that the court may take judicial
 23 notice of undisputed “matters of public record”), *overruled on other grounds by* 307 F.3d 1119,
 24 1125-26 (9th Cir. 2002). The court may disregard allegations in a complaint that are
 25 contradicted by matters properly subject to judicial notice. *Daniels-Hall*, 629 F.3d at 998.
 26

1 The First Amendment guarantees “the right of the people [] to petition the Government
 2 for redress of grievances.” U.S. CONST. amend. I. The Supreme Court has declared the right
 3 to petition to be “among the most precious rights of the liberties safeguarded by the Bill of
 4 Rights.” *United Mine Workers v. Illinois State Bar Ass’n*, 389 U.S. 217, 222, 88 S. Ct. 353, 19
 5 L.Ed.2d 426 (1967). This right to petition—often referred to as *Noerr-Pennington* immunity—has
 6 been construed to afford a party the right to access the courts. *See California Motor Transp.*
 7 *Co. v. Trucking Unltd.*, 404 U.S. 508, 92 S. Ct. 609, 30 L.Ed.2d 642 (1972).

9 Application of *Noerr-Pennington* immunity is a threshold “legal question,” suitable for
 10 determination on a Rule 12 motion. *Columbia Pictures Indus., Inc. v. Prof’l Real Estate*
 11 *Investors, Inc.*, 944 F.2d 1525, 1532 (9th Cir. 1991). *See also White v. Lee*, 227 F.3d 1214,
 12 1232 (9th Cir. 2000) (“We do not lightly conclude in any *Noerr-Pennington* case that the
 13 litigation in question is objectively baseless, as doing so would leave that action without the
 14 ordinary protections afforded by the First Amendment, a result we would reach only with great
 15 reluctance.”). Consistent with this right, numerous courts have shielded litigants from claims
 16 relating to the filing of litigation. *See, e.g., Chemicor Drugs, Ltd. v. Ethyl Corp.*, 168 F.3d 119,
 17 128-129 (3rd Cir. 1999); *Video Int’l Prod., Inc. v. Warner-Amex Cable Comm.*, 858 F.2d 1075,
 18 1082-83 (5th Cir. 1988); *Havaco Am., Ltd v. Hollobow*, 702 F.2d 643, 649 (7th Cir. 1983).

21 The filing of a lawsuit is not the only conduct protected by the *Noerr-Pennington*
 22 doctrine. Demands for cessation of offensive conduct and invitations to discuss settlement of
 23 claims constitute “conduct incidental to the prosecution of the suit” that is protected under
 24 *Noerr-Pennington*. *Columbia Pictures Indus., Inc.*, 944 F.2d at 1528; *Sosa v. DIRECTV, Inc.*,
 25 437 F.3d 923, 942 (9th Cir. 2006) (holding that settlement demand letters sent prior to litigation
 26 over intellectual property rights are protected activity, and that such protection extends to legal

1 representations made during the course of such settlement communications). Even the mere
 2 *threat* of a lawsuit is protected by the *Noerr-Pennington* doctrine. See *Coastal States*
 3 *Marketing, Inc. v. Hunt*, 694 F.2d 1358, 1367 (5th Cir. 1983).

4 In *Professional Real Estate Investors, Inc. v. Columbia Pictures Indus., Inc.*, 508 U.S.
 5 49, 60, 113 S. Ct. 1920, 123 L.Ed.2d 611 (1993), the Supreme Court made clear that claims like
 6 Defendants' cannot proceed unless the complainant has pled that the underlying litigation-
 7 related activities were "objectively baseless in [] that no reasonable litigant could realistically
 8 expect success on the merits." The Court further held that the existence of "probable cause,"
 9 defined as a "reasonable belief that there is a chance [] that (a) claim may be held valid upon
 10 adjudication," is an absolute bar to claims based on litigation-related activities because "an
 11 objectively reasonable effort to litigate cannot be sham" for *Noerr-Pennington* purposes
 12 "regardless of subjective intent." *Id.* at 57 (alteration supplied). "A court may not even
 13 consider the defendant's allegedly illegal objective unless it first determines that his lawsuit
 14 was objectively baseless." *White, supra*, 227 F.3d at 1232, *quoting Prof' Real Estate Investors*,
 15 508 U.S. at 55-57 (internal quotation marks omitted).

16
 17
 18 **B. Defendants' Amended Claims for CPA Violations are Barred by the *Noerr-***
 19 ***Pennington* Doctrine.**

20 Plaintiffs filed this action against Smart Cookie in February 2012. Doc. 1 (Cause No.
 21 12-cv-00188-JLR). Plaintiffs filed a separate action against TestingMom in April 2012. Doc. 1
 22 (Cause No. 12-cv-00550-JLR). The Defendants responded by filing answers and
 23 counterclaims. Doc. 8 (Cause No. 12-cv-00550-JLR) and Doc. 13 (Cause No. 12-cv-00188-
 24 JLR). In response to the answer and counterclaims, Plaintiffs filed motions to dismiss seeking
 25 dismissal of Defendants' CPA and intentional interference with business expectancy and
 26

1 contractual relations counterclaims. Dkt. 12 (Cause No. C12-cv-00550-JLR) and Dkt. 17 (Cause
 2 No. C12-cv-00188-JLR). Although this Court granted Plaintiffs' motion in significant part, it
 3 allowed leave for Defendant to file amended counterclaims. Doc. 27. With the exception of the
 4 Lanham Act claims, the Defendants have asserted amended counterclaims that largely reassert the
 5 allegations of their earlier asserted counterclaims and affirmative defenses. Doc. 28 and Doc. 29.
 6 The amended counterclaims should be dismissed with prejudice.
 7

8 In the order granting in part Plaintiffs' motion to dismiss Defendants' counterclaims,
 9 this Court found that Plaintiffs were immune from CPA liability. Doc. 27. In so ruling, the
 10 Court stated that the "Defendants' CPA counterclaims [] fail[ed] to state any claim for which
 11 relief can be granted." *Id.* In order to overcome their deficient pleadings, Defendants have
 12 amended their counterclaims, attempting to provide additional facts to support their CPA
 13 counterclaims. The Defendants' amended counterclaims remain barred by the *Noerr-*
 14 *Pennington* doctrine.
 15

16 Defendants argue that Plaintiffs engaged in unfair methods of competition and unfair or
 17 deceptive acts or practices when they allegedly sent false and misleading take-down notices.
 18 Doc. 28, Counterclaims, ¶89; Doc. 29, Counterclaims, ¶101. Defendants' assert that Plaintiffs
 19 copyright claims are objectively baseless. Doc. 28, Counterclaims, ¶94; Doc. 29,
 20 Counterclaims, ¶101. Defendants further allege without support that Plaintiffs' copyright
 21 claims constitute sham litigation. Doc. 28, Counterclaims, ¶91, Doc. 29, Counterclaims, ¶114.
 22

23 In its order, this Court found that Defendants had stated facially plausible CPA claims.
 24 Doc. 27, p. 5, lines 11-12. Nevertheless, it ruled that Plaintiffs' conduct was protected by the
 25 *Noerr-Pennington* doctrine because Plaintiffs' conduct fell within the bounds of the *Noerr-*
 26 *Pennington* doctrine. *Id.* at p. 8, line 16. In reaching that conclusion, the Court noted that

1 Plaintiffs’ “right to use judicial and pre-litigation procedures to resolve purported copyright
2 disputes is protected activity.” *Id.*, lines 17-18 (citing *Sosa*, 437 F.3d at 940). Next, the Court
3 held that “liability pursuant to the CPA would burden [Plaintiffs’] petitioning rights.” *Id.* at p.
4 9, lines 2-3.

5 The Court then considered whether an exception applied to the conduct. *Id.*, line 7.
6 Defendants, previously argued and currently reassert that Plaintiffs’ actions fell into the “sham
7 litigation” exception to the Noerr-Pennington doctrine. *Id.*, line 8. In previously deciding this
8 issue, this Court held that “an objectively reasonable effort to litigate cannot be sham regardless
9 of subjective intent.” *Prof’l Real Estate Investors*, 508 U.S. at 57. In so doing, this Court ruled
10 that in order to properly plead the sham exception, Defendants must “allege facts that suggest
11 that the accused conduct is objectively baseless.” *Id.* at p. 9, line 22 through p. 10, line 1 (citing
12 *Prof’l Real Estate Investors*, 508 U.S. at 61). This Court concluded that Defendants had not
13 alleged such facts and that no exception applies. *Id.* at p. 10, lines 1-3. Defendants’ amended
14 counterclaims continue to fail to even allege facts demonstrating that Plaintiffs’ conduct was
15 objectively baseless.
16
17

18 In *Professional Real Estate Investors*, 508 U.S. at 60-61, the Supreme Court set forth a
19 two-part definition for “sham” litigation. In the first part of the definition, “the lawsuit must be
20 objectively baseless in the sense that no reasonable litigant could realistically expect success on
21 the merits.” *Id.* at 60. Where an objective litigant can “conclude that the suit is reasonably
22 calculated to elicit a favorable outcome, the suit is immunized under *Noerr* [.]” *Id.* A litigant’s
23 subjective motivation may only be examined if the challenged litigation has been determined to
24 be objectively meritless. *Id.*
25
26

1 A party's conduct which is incidental to a lawsuit, including the sending of a pre-suit
 2 demand letter, falls within the protection of the *Noerr-Pennington* doctrine. *Sosa*, 437 F.3d at
 3 936-938. A pre-suit letter that threatens legal action may be restricted by law if the letter includes
 4 baseless representations that would fall into the "sham litigation" exception. *Id.* at 940-41.

5 In filing the lawsuit, Plaintiffs had a realistic expectation that they would succeed on the
 6 merits of the case. *Prof'l Real Estate Investors*, 508 U.S. at 60. Defendants' unsupported
 7 arguments that Plaintiffs' litigation is a "sham" are insufficient for this Court to find that
 8 Plaintiffs' actions are "objectively baseless." It is undisputed that Plaintiffs' complaint, cease
 9 and desist letters and take-down notices were each expressly based on a "good faith belief" that
 10 the Defendants purchased Mercer's copyrighted works and then republished those works. *See*
 11 Doc. 1 (Complaint), ¶¶ 11, 14; Docs. 28-1, 29-2 (cease and desist letters); Docs. 29-1, 29-6, 29-
 12 7, 29-8 (take-down notices).

13 "Plaintiffs must satisfy two requirements to present a prima facie case of direct
 14 [copyright] infringement: (1) they must show ownership of the allegedly infringed material and
 15 (2) they must demonstrate that the alleged infringers violate at least one exclusive right granted
 16 to copyright holders under 17 U.S.C. § 106." *A & M Records, Inc. v. Napster, Inc.*, 239 F.3d
 17 1004, 1013 (9th Cir. 2001). To show direct infringement by copying, a claimant must establish
 18 (1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are
 19 original. *Funky Films, Inc. v. Time Warner Entm't Co.*, 462 F.3d 1072, 1076 (9th Cir. 2006)
 20 (*quoting Feist Pubs., Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361, 111 S.Ct. 1282, 113
 21 L.Ed.2d 358 (1991)). "Absent evidence of direct copying, proof of infringement involves fact-
 22 based showings that the defendant had access to the plaintiff's work and that the two works are
 23 substantially similar." *Id.* (quotation omitted).

1 As stated in the statute, a certificate of copyright registration establishes a presumption
 2 that the copyright is valid. 17 U.S.C. § 410(c); *Sega Enters. Ltd. v. Maphia*, 948 F.Supp. 923,
 3 931 (N.D. Cal. 1996). “A certificate of copyright registration, therefore, ‘shifts to the defendant
 4 the burden to prove the invalidity of the plaintiff’s copyrights.’” *Ent. Research v. Genesis*
 5 *Creative Group*, 122 F.3d 1211, 1217 (9th Cir. 1997) (citation omitted).
 6

7 The Copyright Act, contrary to Defendants’ assertions, imposes no requirement, at the
 8 pre-litigation or pleading stage, that Plaintiffs provide counsel with “deposit copies” of the
 9 copyrighted works. Plaintiffs having pleaded the ownership of valid copyrights, and defendants
 10 having admitted access and similarity, plaintiffs have set forth a prima facie case of
 11 infringement for which litigation activities are entitled to First Amendment protection. As
 12 such, Defendants cannot convert such a prima facie case to “sham litigation” simply by reciting
 13 a laundry list of standard affirmative defenses (many of them internally inconsistent) in the
 14 form of counterclaims. See, e.g., Doc. 29, Counterclaims, ¶¶ 29, 30; Doc. 28, Counterclaims,
 15 ¶¶ 70, 71.
 16

17 The alleged acts and communications complained of by Defendants were all incidental
 18 to the threat of or filing of the present lawsuit, or took place during the course of pre-lawsuit
 19 settlement communications. Defendants cannot now argue that the Plaintiffs’ copyright claims
 20 are “objectively baseless” especially after admitting to having access to and having in fact
 21 purchased Plaintiffs’ copyrighted materials in preparation for publishing their “own” materials.
 22

23 Doc. 28, Answer, ¶9; Doc. 29, Answer, ¶¶ 9-10. The actions taken by Plaintiffs were
 24 objectively reasonable efforts to protect their copyrights or otherwise seek relief from the
 25 courts, and these efforts are protected by the *Noerr-Pennington* doctrine. This Court should
 26 dismiss with prejudice the Defendants’ amended counterclaims regarding the CPA.

C. Smart Cookie's Claims for Intentional Interference with Business Expectancy and Intentional Interference with Contractual Relations Counterclaims are Barred by the *Noerr-Pennington* Doctrine.

Smart Cookie's amended counterclaims asserting intentional interference with business expectancy and intentional interference with contractual relations also are barred by the *Noerr-Pennington* doctrine. See Doc. 29, ¶¶ 67 – 83 (intentional interference with business expectancy) and ¶¶ 84 – 97 (intentional interference with contractual relations). As with the claims for CPA violations, Smart Cookie attempts to bolster its counterclaims by asserting that Plaintiffs do not have valid copyrights, again simply reiterating in the form of allegations a laundry list of standard affirmative copyright defenses.

As discussed above with regard to Defendants' CPA claims, Smart Cookie's intentional interference claims are based on Plaintiffs' litigation and pre-litigation activities, which acts were in turn premised on Plaintiffs' express good faith belief that Smart Cookie had infringed their valid copyrights.¹ Given the statutory presumption of validity afforded to copyright registrations, and Defendants' admission of access and similarity, Plaintiffs' activities cannot be deemed "sham litigation." For the reasons discussed above, Smart Cookie's intentional interference claims must be dismissed.

D. Defendants' Lanham Act Claims Must be Dismissed.

1. Defendants Have not Adequately Pleaded Lanham Act Claims.

For a claim for false advertising under the Lanham Act, a "prima facie case requires a showing that (1) the defendant made a false statement either about the plaintiffs or its own

¹ Plaintiffs are cognizant of the Court's prior decision with regard to *Noerr-Pennington* immunity and Smart Cookie's prior claims for copyright misrepresentation pursuant to 17 U.S.C. § 512(f). Doc. 27, at 11. Plaintiffs intend to answer these claims following the Court's decision upon the instant motion.

1 product; (2) the statement was made in commercial advertisement or promotion; (3) the
 2 statement actually deceived or had the tendency to deceive a substantial segment of its
 3 audience; (4) the deception is material, in that it is likely to influence the purchasing decision;
 4 (5) the defendant caused its false statement to enter interstate commerce; and (6) the plaintiff
 5 has been or is likely to be injured as a result of the false statement, either by direct diversion of
 6 sales from itself to the defendant, or by a lessening of goodwill associated with the plaintiffs
 7 product.” *Jarrow Formulas, Inc. v. Nutrition Now, Inc.*, 304 F.3d 829, 835 fn. 4 (9th Cir.
 8 2002), citing *Cook, Perkiss, & Liehe v. Northern California Collection Service, Inc.*, 911 F.2d
 9 242, 244 (9th Cir. 1990) and *Southland Sod Farms v. Stover Seed Co.*, 108 F.3d 1134, 1139
 10 (9th Cir.1997).

11
 12 In *Cook, Perkiss, & Liehe*, 911 F.2d at 245, the Ninth Circuit held that whether an
 13 alleged misrepresentation “is a statement of fact” or is, instead “mere puffery” is a legal
 14 question that may be resolved on a Rule 12(b)(6) motion. A statement is considered puffery if
 15 the claim is extremely unlikely to induce consumer reliance. Ultimately, the difference between
 16 a statement of fact and mere puffery rests in the specificity or generality of the claim. *Id.* at
 17 246. “The common theme that seems to run through cases considering puffery in a variety of
 18 contexts is that consumer reliance will be induced by specific rather than general assertions.”
 19 *Id.*

20
 21
 22 **a. TestingMom Claim Not Adequately Pleaded**

23 **i. The Challenged Commentary Did Even Not Refer to a**
 24 **TestingMom Product**

25 According to TestingMom’s Counterclaims, its Lanham Act claim is based on an
 26 internet comment made by “Mercer Publisher” that was appended to an article by Julie Shapiro

1 for DNAINFO.com New York Neighborhood News. *See* Doc. 28, Counterclaims, ¶¶ 75, 84;
 2 Doc. 28-2. This website’s “About Us” description states:

3 DNAINFO.com is New York’s leading hyper-local news source, covering New
 4 York City’s neighborhoods. We deliver up-to-the-minute reports on
 5 entertainment, education, politics, crime, sports, and dining. Our award-winning
 6 journalists find the stories — big or small — that matter most to New Yorkers.

7 *See* <http://www.dnainfo.com/new-york/about-us/>.

8 The only aspect of the challenged commentary that could plausibly be said to be a
 9 “statement of fact”—as opposed to non-actionable statements of opinion or mere puffery—is
 10 the single sentence: “The sample Naglieri question provided by Testingmom.com for this
 11 article is not a type of question on the Naglieri exam.” *See* Doc. 28, Counterclaims, ¶75. In the
 12 article itself, Julie Shapiro provides a description of a “typical Naglieri question,” which she
 13 later attributes to “Michael McCurdy, co-founder of TestingMom.com, who provided the
 14 sample Naglieri question.” *See id.*, ¶75, and web page hyperlinked therein.

15 A false advertising claim specifically requires “a false statement either *about the*
 16 *plaintiffs or its own product.*” *Jarrow Formulas, Inc.*, 304 F.3d at 835 fn. 4. The allegation of
 17 TestingMom makes it plain that the challenged comment was not directed at a TestingMom
 18 product, but instead a “sample” or “typical” Naglieri exam question described by the article’s
 19 author, Julie Shapiro. At worst, the statement is the sort of general “negative commentary”
 20 which does not constitute an actionable false statement made in reference to a commercial
 21 product.
 22

23
 24 **ii. The Challenged Commentary was not Made in
 Commercial Advertisement or Promotion**

25 As discussed in detail above, the challenged internet commentary on the Shapiro news
 26 article was not “made in commercial advertisement or promotion.” This is apparent from the

1 face of the Counterclaims, the attachments thereto supplied by TestingMom, and the basic
2 journalistic nature of the DNAinfo.com website, which is subject to judicial notice.

3 This conclusion is bolstered by a very close analogue from the recent case of *Bernard v.*
4 *Donat*, 2012 WL 525533 (N.D.Cal. February 16, 2012). In *Bernard*, the plaintiff complained
5 about the defendant's making disparaging remarks on various websites and filed Lanham Act
6 false advertising claims against him. In dismissing the claims on the pleadings, the court
7 explained:
8

9 The FAC indicates that the allegedly unlawful statements were made in the form
10 of negative "comments" on the websites pissedconsumer.com and
11 complaintsboard.com, as well as blog posts on the website blogspot.com. FAC
12 ¶¶ 12–14. Plaintiff argues defendant's statements are "commercial speech"
13 simply because they were made on "commercial websites." Dkt. No. 34 at 9. The
14 court does not understand the definition of commercial speech to be so broad.
15 First, plaintiff cites no authority supporting his position that
16 pissedconsumer.com, complaintsboard.com, or the Blog are "commercial
17 websites," nor that all statements made on such websites are "commercial
18 speech." Furthermore, in general, "negative commentary ... does more than
19 propose a commercial transaction and is, therefore, non-commercial." *Nissan*
20 *Motor Co.*, 378 F.3d at 1017 (finding that links on the website nissan.com,
which was owned by Nissan Computer, to disparaging content about Nissan
Motor Company were not commercial speech and therefore entitled to full
protection under the First Amendment). Finally, the allegations do not suggest
that defendant's statements were advertisements for a product or service, nor
that they proposed commercial transactions or were motivated by defendant's
commercial interests. Compare *Bolger*, 463 U.S. at 66–68. Accordingly, the
court finds that the FAC does not show that the accused statements constitute
"commercial speech," and therefore fails to state a claim under the Lanham Act.

21 *Bernard*, 2012 WL 525533 at *3. For these reasons, and those discussed above, TestingMom
22 has failed to state a claim for false advertising.

23 **b. Smart Cookie Lanham Act Claim Not Adequately Pleaded**

24 This Circuit requires for a prima facie case of false advertising a showing that "the
25 plaintiff has been or is likely to be injured as a result of the false statement, either by direct
26

diversion of sales from itself to the defendant, or by a lessening of goodwill associated with [the plaintiff's] product.” *Southland Sod Farms*, 108 F.3d at 1139.

Smart Cookie’s false advertising claims are based on two sentences it located on the Amazon.com website, which read:

Mercer Publishing has the only available practice materials in the format of the CogAT exam.

.. Mercer Publishing has the only available practice materials in the format of the NNAT exam.

See Doc. 29, ¶ 121; Doc. 29-2.

It is plain from the face of the pleadings themselves that these statements were published in 2008. See Doc 29-2 at 2 (“Publication Date: 2008”), 4 (same). In Smart Cookie’s Counterclaims, it affirmatively alleges that Ms. Rajagopal was not even contemplating entering the business of producing test preparation materials until September 2009, and did not publish any materials until August 2011.² See Doc. 29, Counterclaims, ¶9. When the statement was made, there was no possibility that the statement could have diverted sales away from Smart Cookie, or that it could have had any bearing on Smart Cookie’s non-existent goodwill. Smart Cookie’s claim for false advertising fails as a matter of pleading and should be dismissed.

2. Defendants Have No Standing to Bring Lanham Act Claims.

The scope of a Lanham Act false advertising claim is limited, as the Ninth Circuit has held:

² The Court can take judicial notice of the fact that these statements are on a site controlled and maintained by Amazon.com, not Plaintiffs. See Doc. 29-2. Plaintiffs have had no ability or duty to monitor and edit the site contents subsequent to initial submission of product information. Unfortunately for Plaintiffs, for purposes of this motion pursuant to Fed.R.Civ.P. 12(b)(6), it may be irrelevant that the statement was absolutely true when made, contrary to Smart Cookie’s misleading allegations.

1 The Lanham Act was intended to protect against the “deceptive and misleading
 2 use of marks” and to “protect persons engaged in . . . [interstate] commerce
 3 against unfair competition.” 15 U.S.C. § 1127; *Dastar v. Twentieth Century Fox*
 4 *Film Corp.*, 539 U.S. 23, 28, 123 S.Ct. 2041, 156 L.Ed.2d 18 (2003). Section
 5 43(a), 15 U.S.C. § 1125(a), “is one of the few provisions [of the Act] that goes
 6 beyond trademark protection” and addresses unfair competition. *Dastar*, 539
 7 U.S. at 29, 123 S.Ct. 2041. *This provision, however, “does not have boundless*
application as a remedy for unfair trade practices” and is not a “federal
‘codification’ of the overall law of ‘unfair competition’ . . . but can apply only to
certain unfair trade practices prohibited by its text.” Id. (citations omitted).

8 *Sybersound Records, Inc. v. UAV Corp.*, 517 F.3d 1137, 1143 (9th Cir. 2008) (emphasis
 9 added).

10 The Ninth Circuit set out the test for Lanham Act standing in *Jack Russell Terrier*
 11 *Network of Northern California v. American Kennel Club, Inc.*, 407 F.3d 1027, 1037 (9th Cir.
 12 2005), where it held that “a plaintiff must show: (1) a commercial injury based upon a
 13 misrepresentation about a product; and (2) that the injury is ‘competitive,’ or harmful to the
 14 plaintiff’s ability to compete with the defendant.” Thus, “[t]o be actionable, [the defendant’s]
 15 conduct must not only be unfair but must in some discernible way be competitive.” *Halicki v.*
 16 *United Artists Communications, Inc.*, 812 F.2d 1213, 1214 (9th Cir. 1987).

17 For all false advertising claims, including those which are internet-based, the alleged
 18 misrepresentations must be “made in a commercial advertisement or promotion.”
 19 *TrafficSchool.com, Inc. v. Edriver Inc.*, 653 F.3d 820, 828-29 (9th Cir. 2011). *See also*
 20 *Podiatrist Association, Inc. v. La Cruz Azul De Puerto Rico, Inc.*, 332 F.3d 6, 19 (1st Cir. 2003)
 21 (“The relevant statutory language prohibits misrepresentations only in ‘commercial advertising
 22 or promotion.’”); *Sanderson v. Culligan Intern, Co.*, 415 F.3d 620, 624 (7th Cir. 2005).

23 The core notion of commercial speech is “speech which does no more than propose a
 24 commercial transaction.” *City of Cincinnati v. Discovery Network, Inc.*, 507 U.S. 410, 422, 113

1 S.Ct. 1505, 123 L.Ed.2d 99 (1993) (citations omitted). The Ninth Circuit has specifically held
 2 that “[n]egative commentary [] does more than propose a commercial transaction and is,
 3 therefore, non-commercial.” *Nissan Motor Co. v. Nissan Computer Corp.*, 378 F.3d 1002,
 4 1017 (9th Cir. 2004).

5
 6 **a. TestingMom Lacks Standing.**

7 As discussed above, the commentary which TestingMom bases its Lanham Act claim
 8 upon was a journalistic article. *See* Doc. 28, Counterclaims, ¶¶ 75, 84; Doc. 28-2.

9 The commentary was made in connection with a journalistic article, not any kind of commercial
 10 advertisement or promotion by Plaintiffs. As such, it cannot give rise to any sort of
 11 “commercial” or “competitive” injury for which redress under the Lanham Act is possible.³

12 TestingMom also complains in a single sentence about unspecified “false and
 13 misleading statements to the Copyright Office regarding the origination of [Mercer’s] work and
 14 to third parties asserting copyright infringement by TestingMom.com LLC and Smart Cookie
 15 Ink, LLC.” Doc. 28, Counterclaims, ¶84.

17 Under the Lanham Act, TestingMom has no standing to complain about statements that
 18 are allegedly injurious to Smart Cookie or other third parties. *See TrafficSchool.com, Inc.*, 653
 19 F.3d at 826 fn 2 (“A plaintiff may meet both prongs of *Jack Russell* and still lack standing if the
 20 purpose of his false advertising suit is to enforce someone else’s statutory rights.”) (citation
 21 omitted). Moreover, statements made to the Copyright Office are plainly not commercial
 22 advertisements or promotions, and TestingMom’s Lanham Act claim fails to identify any other
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 24

25
 26 ³ To the contrary, to the extent the cited statements constitute commentary on the educational testing issues
 discussed in the Shapiro piece it is entitled to “full First Amendment protection.” *Mattel, Inc. v. MCA Records,*
Inc., 296 F.3d 894, 903 (9th Cir. 2002).

1 asserted “false and misleading statements [] to third parties” whatsoever, much less those which
 2 caused it any “commercial” or “competitive” injury.

3 TestingMom’s Lanham Act claims should be dismissed for lack of standing.

4 **b. Smart Cookie Lacks Standing.**

5 As previously discussed, the statements upon which Smart Cookie based its false
 6 advertising claims on were published in 2008. *See* Doc 29-2 at 2 (“Publication Date: 2008”), 4
 7 (same).
 8

9 Defendants allegations establish that Smart Cookie did not compete with Plaintiff until
 10 several years after the alleged statements were made. Smart Cookie alleges that it did not
 11 contemplate producing test preparation materials until September 2009 and did not enter the
 12 market until August 2011. As such, Smart Cookie could not have suffered any plausible,
 13 compensable “commercial” or “competitive” injury as result of the 2008 statements. Smart
 14 Cookie plainly lacks standing to bring claims based on such statements.
 15

16 **3. TestingMom’s Claims Are Barred by *Noerr-Pennington* Doctrine.**

17 As noted above, TestingMom’s false advertising claim alleges in part that Plaintiffs
 18 made unspecified “false and misleading statements to the Copyright Office regarding the
 19 provenance of [Mercer’s] work.” *See* Doc. 28, Counterclaims, ¶84. Obviously these non-
 20 commercial communications are, like many other communications discussed above, just the
 21 sort of “petitions” for governmental assistance that are entitled to *Noerr-Pennington* protection.
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23 Testing Mom’s false advertising claims based on communications to the Copyright Office
 24 should be dismissed with prejudice.
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IV. CONCLUSION

For the foregoing reasons, Plaintiffs respectfully asks that this Court dismiss Defendants' CPA violations, intentional interference with business expectancy, intentional interference with contractual relations, and Lanham Act claims with prejudice. Plaintiffs will answer Defendants' amended counterclaims once this Court has ruled on this motion.

RESPECTFULLY SUBMITTED this 4th day of September, 2012.

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CERTIFICATE OF SERVICE

I hereby under penalty of perjury, declare that on September 4, 2012, I electronically filed the foregoing PLAINTIFFS' MOTION TO DISMISS AMENDED COUNTERCLAIMS PURSUANT TO FED. R. CIV. P. 12(b)(6)- 21 with the Clerk of the Court using the CM/ECF system, which will send notification of such filing to the following:

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